

**REMARKS**

Claim 1 and 3-11 remain in the application, with claims 7-11 having been allowed.

Independent claim 1 has been amended to clearly distinguish over the prior art. More specifically, claim 1 recites the three way valve (20) for directing flow from the compressor (12) to the condenser (14) in an air-conditioning mode and line to chiller-condenser (16), via a by-ass (22) in a heat pump mode combined with an air-conditioning expansion device (28) upstream of the by-pass line (22) and a heat pump expansion device (24) operational in the heat pump mode via a by-pass valve (26) between the chiller-condenser (16) and the chiller-evaporator (18). As set forth in paragraph [0017], this combination allows the effective operation of two expansion devices (24 and 28) operational in the air-conditioning modes and the heat pump mode respectively. This allows the independent optimazation of the two modes.

The prior art does not suggest such a combination. The basic reference of Okawara et al. '308 fails because the valves 5a and 5b are not bypass valves directing flow in one of two paths – they only control flow along one path, i.e., open or closed to serial flow.

There is no suggestion in the references of the two expansion devices operational in the two different modes. Accordingly, the limitations in the claims to attain such operation are important and do define a novel combination and association not suggested by the prior art.

Accordingly, it is respectfully submitted that the Application, as amended, is now presented in condition for allowance, which allowance is respectfully solicited. Applicant believes that no fees are due; however, if any become required, the Commissioner is

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Amdt. dated June 13, 2005  
Reply to Office action of May 9, 2005

hereby authorized to charge any additional fees or credit any overpayments to Deposit Account 08-2789. Further and favorable reconsideration of the outstanding Office Action is hereby requested.

Respectfully submitted

**HOWARD & HOWARD ATTORNEYS, P.C.**

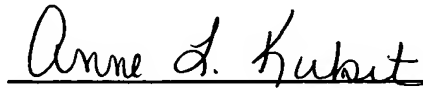


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June 13, 2005  
Date

**CERTIFICATE OF MAILING**

I hereby certify that this **Amendment** for U.S. Serial No.: 10/754,037 filed January 8, 2004 is being deposited with the United States Postal Service as First Class Mail, postage prepaid, in an envelope addressed to the Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450 on **June 13, 2005**.

  
Anne L. Kubit